

Message Text

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ACTION EUR-25

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UNCLAS USNATO 4878

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TAGS: MCAP, EFIN, NATO

SUBJECT: AUTHORIZATION AND FUNDING FOR INFRASTRUCTURE IN FY 1974

BEGIN SUMMARY. OASD(ISA) HAS ADVISED TELEPHONICALLY THAT THERE IS LITTLE POSSIBILITY OF CONGRESSIONAL APPROVAL FOR INFRASTRUCTURE FY 1974 OF ADDITIONAL \$25.3 MILLION REQUESTED TO OFFSET PAST DOLLAR DEVALUATIONS. THIS IS MISSION'S EVALUATION OF SHORTAGES IN AUTHORIZATION AND FUNDING WHICH COULD LEAD TO UNILATERAL US DEFERRAL OF UP TO \$64 MILLION OF APPROVED NATO PROJECTS FROM FY 1974 INTO FY 1975. ACTION REQUESTED: OSD ACTION TO REPROGRAM SOME \$15 MILLION FOR NATO INFRASTRUCTURE CONTRIBUTIONS IN FY 1974. END SUMMARY.

1. DURING 11 SEP 73 HOUSE ARMED SERVICES COMMITTEE HEARING OF MILITARY CONSTRUCTION ARMY A PRESENTATION WAS MADE FROM A PAPER PREPARED BY OASD (COMPT) ON 6 SEP 73. PRESENTATION INDICATED THAT DOLLAR DEVALUATION HAD SO DEPLETED INFRASTRUCTURE LINE ITEM CARRY OVER THAT ADDITIONAL AUTHORIZATION AND FUNDING WERE REQUIRED.

2. WE ARE ADVISED BY OASD(ISA) THAT THERE IS LITTLE POSSIBILITY OF CONGRESSIONAL APPROVAL OF THE 4.3 MILLION ADDITIONAL BUDGET AUTHORITY (NOA) AND \$25.3 MILLION ADDITIONAL TOA AND AUTHORIZATION REQUESTED, AS ATTRIBUTABLE TO THE UNCLASSIFIED

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UNBUDGETED COSTS STEMMING FROM RECENT DEVALUATIONS OF THE DOLLAR. IN THAT CASE, AS NOTED IN PAPER REFERRED TO IN PARA 1, \$19.3 MILLION WILL REMAIN UNFUNDED AND \$25.3 MILLION ADDITIONAL AUTHORIZATION IS STILL REQUIRED.

3. IF THE \$25.3 MILLION IS NOT APPROVED IN AUTHORIZATION, AND ASSUMING THE REPROGRAMMING REQUEST OF 7 MAY 1973 FOR 20.65 MILLION AND THE AUTHORIZATION REQUEST OF \$80 MILLION IN THE PRESIDENT'S BUDGET ARE APPROVED, THERE WOULD BE AVAILABLE \$102.3 MILLION FOR AUTHORIZATION IN FY 1974 AGAINST ESTIMATED REQUIREMENTS OF \$107.6 MILLION (A SHORTAGE OF \$5.3 MILLION), WITH NO CARRYOVER INTO FY 1975. AS OUTLINED IN SECDEF LETTER, 28 JUNE 73, TO CONGRESSIONAL COMMITTEES, A CARRYOVER OF UNOBLIGATED AUTHORIZATION TO THE ENSUING FISCAL YEAR IS REQUIRED TO PERMIT THE US TO CONTINUE PARTICIPATION IN NATO INFRASTRUCTURE, UNDER THE PROVISIONS OF THE CONTINUING RESOLUTION AUTHORITY, PENDING ENACTMENT OF THE ENSUING YEAR'S MILITARY CONSTRUCTION BILL. OSD PROPOSAL HAS BEEN TO PROVIDE A CARRYOVER INTO FY 1975 OF \$20 MILLION UNOBLIGATED AUTHORIZATION FOR THAT REASON.

4. WITH RESPECT TO FUNDING, IF THE \$25.3 MILLION IS NOT FORTHCOMING IN FUNDS, AND ASSUMING THE REPROGRAMMING REQUEST FOR \$20.65 MILLION AND THE PRESIDENT'S BUDGET TOA OF \$60 MILLION AND NOA OF \$40 MILLION ARE APPROVED THERE WOULD BE AVAILABLE \$88.3 MILLION AGAINST A FUNDING REQUIREMENT OF \$107.6 MILLION, A SHORTAGE OF \$19.3 MILLION.

5. WITH RESPECT TO AUTHORIZATION (PARA 3 ABOVE), AND BASED ON OUR PRESENT BEST ESTIMATES, WE WOULD FIND IT NECESSARY TO DEFER INTO FY 1975, NATO PROJECTS TALLING ABOUT \$18 MILLION (FOR WHICH THE US SHARE WOULD BE ABOUT \$5.3 MILLION). FURTHER, CONTINUING AUTHORITY FOR AUTHORIZATION WOULD BE NECESSARY TO CONTINUE THE INFRASTRUCTURE PROGRAM INTO FY 1975 UNTIL AUTHORIZING LEGISLATION FOR THAT YEAR IS ENACTED.

6. WITH REGARD TO FUNDING (PARA 4 ABOVE), THE SHORTAGE OF \$19.3 MILLION CANNOT BE SIGNIFICANTLY EASED BY ADDITIONAL RECOUPMENTS. IN CONSONANCE WITH THE PRESIDENT'S BUDGET AMENDMENT OF SEPTEMBER 1973, THEREFORE IT IS RECOMMENDED THAT THE ARMY TAKE SEPARATE REPROGRAMMING ACTION FOR AN ADDITIONAL UNCLASSIFIED

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\$15 MILLION OF UNOBLIGATED PRIOR YEAR SAFEGUARD FUNDS TO HELP FUND THE US SHARE OF INFRASTRUCTURE IN FY 1974. THUS, THE SHORTAGE OF FUNDS WOULD BE 4.3 MILLION, COMPARABLE WITH THE SHORTAGE IN AUTHORIZATION. FAILURE TO PROVIDE THESE ADDITIONAL FUNDS WOULD REQUIRE DEFERRAL OF SOME \$46 MILLION OF NATO PROJECTS IN ADDITION TO THE \$18 MILLION MENTIONED IN PARA 5, ABOVE, IN CONNECTION WITH SHORTAGE OF AUTHORITY.

RUMSFELD

UNCLASSIFIED

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